JERSEY CENTRAL
★ LINES ★

ANNUAL REPORT
1962

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY

BOARDS
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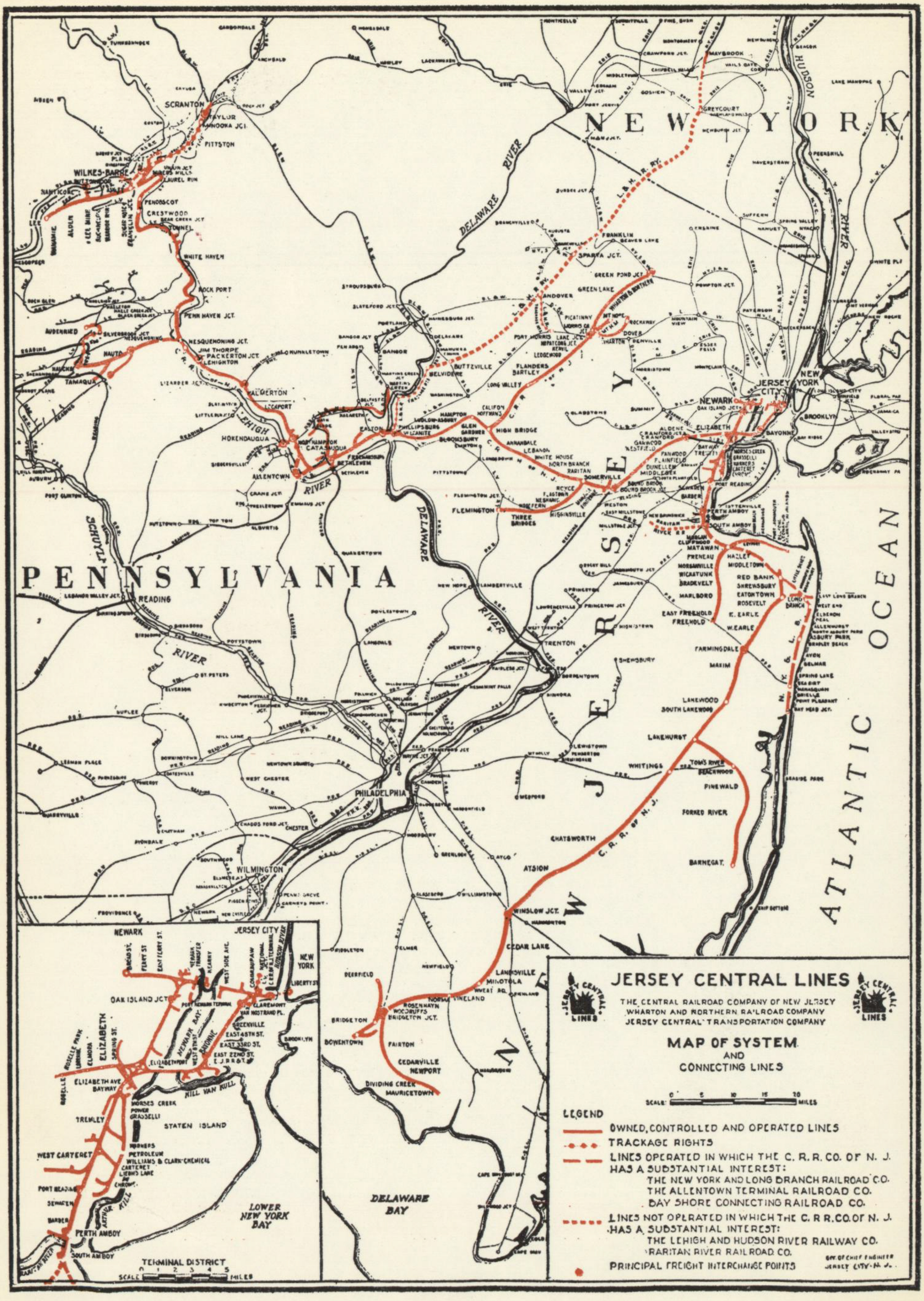
NEW YORK
PENNSYLVANIA
NEW JERSEY
ATLANTIC OCEAN
HUDSON RIVER
DELAWARE RIVER
LEHIGH RIVER
SCHUYLKILL RIVER
DELAWARE BAY
SCRANTON
WILKES-BARRE
PITTSTON
WHITE HAVEN
PENN HAVEN JCT.
JIM THORPE
TAMAQUA
PALMERTON
CATASAUQUA
ALLENTOWN
BETHLEHEM
EASTON
PHILLIPSBURG
HIGH BRIDGE
SOMERVILLE
FLEMINGTON
WHARTON
DOVER
LAKE HOPATCONG
MAYBROOK
GREYCOURT
L. & H. R. RY.
NEWARK
JERSEY CITY
NEW YORK
ELIZABETH
BAYONNE
BROOKLYN
PERTH AMBOY
SOUTH AMBOY
MATAWAN
RED BANK
LONG BRANCH
ASBURY PARK
FREEHOLD
FARMINGDALE
LAKEWOOD
LAKEHURST
TOM'S RIVER
BARNEGAT
READING
TRENTON
PHILADELPHIA
CAMDEN
WILMINGTON
CHESTER
WINSLOW JCT.
VINELAND
BRIDGETON
C. R. R. OF N. J.
NEWARK
JERSEY CITY
NEW YORK
OAK ISLAND JCT.
ELIZABETH
BAYWAY
STATEN ISLAND
KILL VAN KULL
ARTHUR KILL
LOWER NEW YORK BAY
PORT READING
PERTH AMBOY
SOUTH AMBOY
TERMINAL DISTRICT
SCALE 0 1 2 3 4 5 MILES

JERSEY CENTRAL LINES

THE CENTRAL RAILROAD COMPANY OF NEW JERSEY
WHARTON AND NORTHERN RAILROAD COMPANY
JERSEY CENTRAL TRANSPORTATION COMPANY

MAP OF SYSTEM
AND
CONNECTING LINES

SCALE: 0 5 10 15 20 MILES

LEGEND

- OWNED, CONTROLLED AND OPERATED LINES
- TRACKAGE RIGHTS
- LINES OPERATED IN WHICH THE C. R. R. CO. OF N. J. HAS A SUBSTANTIAL INTEREST:
  - THE NEW YORK AND LONG BRANCH RAILROAD CO.
  - THE ALLENTOWN TERMINAL RAILROAD CO.
  - BAY SHORE CONNECTING RAILROAD CO.
- LINES NOT OPERATED IN WHICH THE C. R. R. CO. OF N. J. HAS A SUBSTANTIAL INTEREST:
  - THE LEHIGH AND HUDSON RIVER RAILWAY CO.
  - RARITAN RIVER RAILROAD CO.
- PRINCIPAL FREIGHT INTERCHANGE POINTS

OFF. OF CHIEF ENGINEER
JERSEY CITY - N. J.

JERSEY CENTRAL LINES

DIRECTORS

The Central Railroad Company of New Jersey

*Earl T. Moore, *Chairman*
Victor G. Aubry, Jr.
*Revelle W. Brown
*E. Paul Gangewere
*Frank C. LaGrange
Irving N. Like
William H. Mencher
H. Merle Mulloy
*Fred N. Oliver
Julius A. Rippel
Perry M. Shoemaker

**Member, Executive Committee*

Central Railroad Company of Pennsylvania

Revelle W. Brown
#Barton W. Druckenmiller
E. Paul Gangewere
John W. Kress
Frank C. LaGrange
Earl T. Moore
Joshua A. Rich, IV
Perry M. Shoemaker
J. L. Stackhouse
Robert A. Young

#*Mr. Druckenmiller replaces Mr. Edward J. Fox, Jr., deceased May 31, 1962*

Lehigh and New England Railway Company

Victor G. Aubry, Jr.
Revelle W. Brown
#Barton W. Druckenmiller
E. Paul Gangewere
R. F. Hogan
Frank C. LaGrange
Earl T. Moore
Perry M. Shoemaker
J. L. Stackhouse
Robert A. Young

Wharton and Northern Railroad Company

Ludwig R. Dohm
Alfred J. Mackin
Earl T. Moore
Perry M. Shoemaker

Jersey Central Transportation Company

Judson C. McLester, Jr.
Earl T. Moore
Perry M. Shoemaker

JAN 21 1964 A

GENERAL OFFICES

JERSEY CENTRAL TERMINAL
JERSEY CITY 2, N.J.

OFFICERS

PERRY M. SHOEMAKER
President

JUDSON C. McLESTER, JR.
Vice President and General Counsel

JAMES L. BARNGROVE, JR.
Vice President—Freight Traffic

JACK A. CRADDOCK
General Manager

RALPH E. THOMPSON
Comptroller

ROBERT E. TESTON
Secretary and Treasurer

BERNARD J. MINETTI
Chief Engineer

WARREN W. BOYCE
Purchasing Agent

PHILIP M. PARKER
Property Manager

IRA GOLDOWSKY, M.D.
Medical Director

To Stockholders:

On April 1 last year I came to The Central Railroad Company of New Jersey as President. Upon the retirement of Mr. E. T. Moore from active service on November 1, I became Chief Executive Officer and primarily responsible to the Board for the management of the Company.

Mr. Moore became Chief Executive Officer November 1, 1947. For his 15 years of stewardship, extending to last November, Mr. Moore leaves an outstanding record of frugally conserving the Company's assets while laboring mightily to ease its problems of inequity of opportunity and treatment, particularly in the fields of State-imposed commutation losses and State-imposed property taxes. His retirement occurred at a time of some reasonable expectation of better days over the horizon with respect to passenger losses and a clearly-defined better climate of understanding with regard to railroad taxation of confiscatory proportions in some locations such as Hudson County. I pay tribute to his wise and tenacious endeavors.

In 1962, our Company had a net deficit of $7,465,818, slightly greater than 1961's figure of $7,101,048. While operating revenues improved by $3,306,678, with operating expenses increasing but $2,502,925, the overall results were worsened by higher wages to non-operating employees ($475,000), charges to operating expenses for non-depreciated property retirements ($569,000), higher fixed charges (largely Government-guaranteed loan interest of $750,000), higher equipment rent debit ($216,705) and higher Railroad Retirement and Unemployment Insurance Taxes ($240,626).

It is interesting to note that our Company's total expense last year for Railroad Retirement and Unemployment Insurance Taxes was a staggering $2,736,923. Had our Company instead been under the Social Security Statutes —the same as our trucking competition—this expense would have been about $760,250.

We are in business for profit. The responsibility of management is to use its maximum capacity to achieve growth, improved public acceptance and better cost results. Your management recognizes and accepts this challenge.

Cash deterioration is our major internal problem. Available working capital dropped during last year from $6,664,000 to $3,636,000, despite help from sales of equipment and property amounting to $1,230,000. It is obvious that control of cash loss is our immediate and demanding "must."

Freight traffic deterioration is our major external problem. For ten years competition — primarily truck — and fundamental changes in traffic flow have resulted in a drop in our carloadings from over 900,000 to just over 700,000. At present freight rates and costs, we need carloadings of 1,000,000 merely to "break even." An expanded freight traffic department is doing its utmost.

As this Report is written, the implementing timetable for the Aldene Plan, predicated on a connection with Port Authority trans-Hudson tube service, is in disorder. A decision of the appellate division of the Supreme Court of the State of New York, issued on February 19, 1963, has cast doubt on the constitutionality of the Port Authority's acquisition of the Tubes as tied in with construction of a World Trade Center in Manhattan. Until this is clarified, changes in Jersey Central service become very uncertain. In the meantime, the extension of our ferryboat service beyond 1963 becomes a matter of great concern, since our company has no present plans for attempting to find the cash it doesn't have to carry out the major rehabilitation program that would be necessary for even temporary operation beyond that time.

Progress in the national movement to eliminate firemen on freight and yard diesel locomotives should be an important source of cost reduction by 1964.

Property tax reduction in New Jersey seems possible to some degree by 1965 and is more immediately important to our Company than the meritorious national transportation legislation now in prospect. The current report of the New Jersey Commission on State Tax Policy clearly affirms the severe tax inequities under which the railroads have been operating in New Jersey and recognizes the practical necessity of the State taking over all railroad property taxes, with compensating income to the affected localities coming from a new source of State tax revenue.

We are working upon 1963 with determination to bring our problems closer to affirmative solution. The past support of our customers, stockholders and bondholders upon the one hand, and the loyal and dedicated efforts of the men and women of our Jersey Central organization on the other, have been of inestimable value. It is with appreciation for the past that we are encouraged by confidence in the continuation of such backing.

Sincerely,

FINANCIAL SUMMARY OF 1962

	1962	1961
Income		
Receipts from freight, passenger and miscellaneous operations	$54,435,975	$51,129,297
Other income (net)	733,828	1,126,161
Total income	$55,169,803	$52,255,458
Expenses		
Cost of maintaining and operating the property	$46,434,065	$43,931,140
Taxes	5,871,764	5,900,782
Hire of equipment and joint facilities	5,604,124	5,357,408
Fixed charges	4,725,668	4,167,176
Total costs	$62,635,621	$59,356,506
Net Loss	$ (7,465,818)	$ (7,101,048)
Adjustments to determine "available net income" as required by the trust indenture:		
Elimination of amounts charged to operating expenses for ledger value less salvage of property retired and not replaced	568,741	20,950
Elimination of L.&N.E. Ry. net income not includable in determining "available net income"	22,693	(10,750)
Elimination of profit from the sale of meadowland properties credited to income and deposited with the mortgage trustee*	—	142,627
Adjustment from 1960 sale of meadowland debited to income during 1962	64,663	—
"Available net income" deficit from prior years	16,201,612	8,989,637
"Available Net Income" (Deficit)	$(23,056,719)	$(16,201,612)
Capital Fund		
Amount in Capital Fund at close of year	none	none

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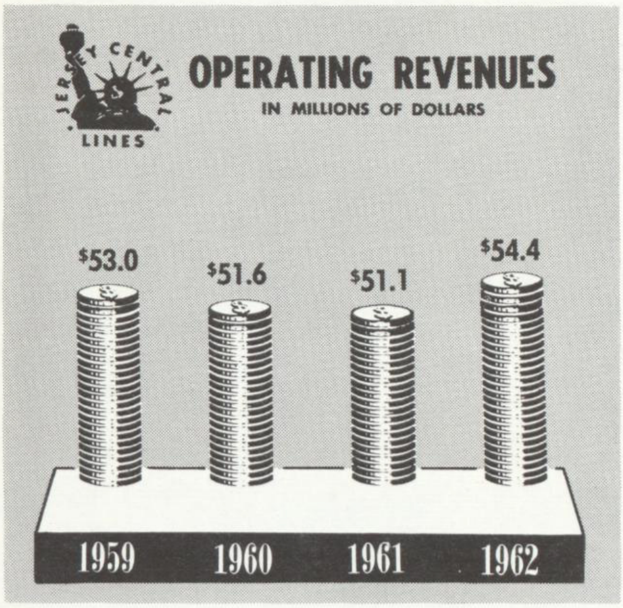
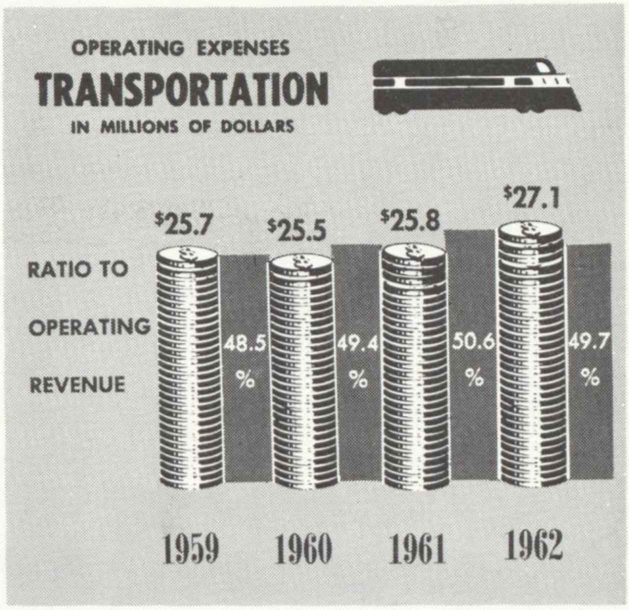
* Under the provisions of the Sixth Supplemental Mortgage, there shall be deducted from consolidated income, so much thereof as results from the sale of meadowland.





TRAFFIC AND REVENUES

Freight

Revenue from freight traffic increased 9%, from $39,884,669 in 1961 to $43,325,701 in 1962. Carloads, including those received from connections, amounting to 713,000, increased 4.8% in 1962 compared with 1961.

The sharp upward trend in anthracite coal loadings continued in 1962, and there was a modest increase in bituminous coal traffic. Revenue from anthracite improved 31%, and accounted for 8.9% of our freight revenue in 1962. Revenue from bituminous increased 8% over last year, amounting to 18.3% of our freight revenue.

The increase in anthracite stems from a combination of factors: aggressive marketing on the part of coal producers in our territory; a continued increase in the movement of export anthracite via Philadelphia; and diversion from the highways through lower rail freight rates.

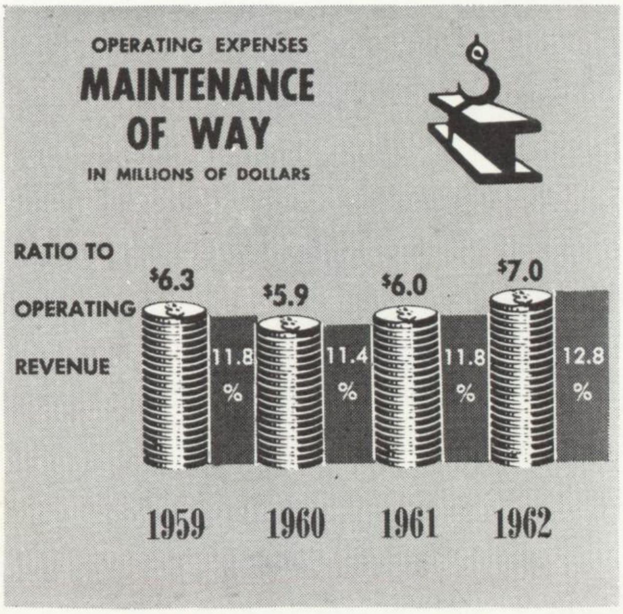
Particular emphasis is being placed on the study of bituminous coal movement. In cooperation with connecting railroads, we have for the last 11 months been experimenting with the operation of solid trainloads of coal, with the objective of lowering current costs to shipper and consignee. Trainload handling eliminates the stopping and rehandling of trains at intermediate yards, and greatly improves equipment utilization. Consignees are obligated to accept the trainload of coal within twenty-four hours. At present, at our coal pier in Jersey City, cars awaiting unloading average more than eight days' detention at a cost of $2.88 a car for each day. As a result of this experience, we plan to participate in reduced trainload rates at the start of the new coal year on April 1. This is a step in the program, on which our company has been working with other railroads, to find ways and means of lowering the transportation cost of coal in an effort to meet present and future competition from hydro-electric power, oil, gas, atomic fuel, the transmission of coal by pipeline, and the long-distance transmission of electrical power by wire from mine-mouth plants.

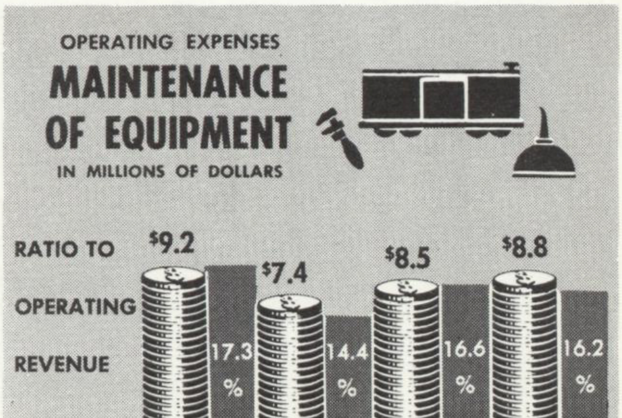
There was continued improvement in cement traffic, with revenue improving 34.7%, accounting for 6.1% of our total freight revenue. A considerable percentage of the increase is cement loaded on the L&NE Railway, which we acquired in 1961. Another encouraging development was the location of bulk cement terminals on our line in the New York metropolitan area by Allentown Portland Cement Company, Penn Dixie Cement Corporation and Dragon Cement Company. The three terminals are expected to receive 3,250 cars of cement annually, and will help cement shippers in the Lehigh district compete with Hudson River cement. We are continuing to search for more economical means of handling Lehigh district cement for metropolitan delivery.

Revenue from general merchandise improved 4.5% over 1961 and represented 66.7% of our freight revenue. Trailer- and container-on-flat-car (piggyback) traffic continued to register substantial gains, with carloadings increasing 49% compared with 1961, and with actual trailer and container units — perhaps a more valid measure — increasing 70%.

While this latter category of traffic now produces a relatively small percentage of our total freight revenue, we believe that it has a major future potential. Studies are underway with respect to an additional piggyback facility at Elizabethport, and the extension of piggyback service to most of the areas served by The Central Railroad of New Jersey and its affiliates.

We have taken a number of practical steps to improve the quality of service rendered our customers. Through faster yard-handling, higher speed limits, track changes, and tightening-up of interchange movements, we have increased the speed and





dependability of our key freight movements. Through service to Chicago and St. Louis has been improved and a new Timesaver Freight has been established to serve the New England territory.

Effort is being made to improve our traffic-soliciting organization. Local forces have been relocated in New York and Newark to be nearer the center of their responsibilities. We have established a Division Freight Agent in Northampton, Pa., to increase our coverage of the cement territory. Another foreign freight solicitor has been added and, in general, studies are underway with the object of further strengthening our contact with the shipping public.

Our market research is continuing to produce encouraging results. It is estimated that about 1,800 cars of additional traffic were secured in 1962 as a result of adjustments in rates and service improvements stemming from this research. This department is currently studying movements totaling 20,000 carloads annually. In an effort to further improve the efficiency of our service, we are, jointly with the Lehigh Valley Railroad, studying the potentialities of a coordinated railroad operation for as much of the distance as practicable between Wilkes-Barre, Pa., and Bethlehem, Pa.

Efforts to recover our 1956 volume of business (our last reasonably good year) would be considerably more rewarding if the Congress of the United States enacts into law the major recommendations of the President's Transportation Message of April, 1962. This was one of the most far-reaching proposals for an improvement in the climate of transportation that has ever come from the White House. In summary, it recommends that rail transportation be relieved of some of its burdensome regulations, that management have more authority to make its own decisions, and that competition in the market-place more nearly govern freight rates. Legislation introduced under the President's Plan is being bitterly fought by waterway and truck operators who do not wish to see their umbrella-type protection removed. The Central Railroad of New Jersey will continue to support efforts to achieve a true National Transportation Policy, as a prerequisite to a major recovery for freight business on the Eastern Railroads.

Passenger

Passenger revenues amounted to $5,546,644 in 1962 compared with $5,525,466 in 1961. In addition, we received $1,479,526 from the State of New Jersey under contract to continue to provide passenger service for the benefit of commuters and communities, compared with $1,420,310 in 1961.

Mail revenue remained stable, totaling $1,938,488 in 1962 as against $1,932,685 in 1961.

Effective October 1, 1962, REA Express, Inc., discontinued the handling of express on our trains operating in Pennsylvania. This action is the final step in eliminating railway express handling. Express revenue amounted to $196,744 in 1962 and $384,486 in 1961.

Total passenger revenues from all sources, including the State contract payments, decreased $101,545 from the preceding year.

Net passenger loss for 1962, after contract payments from the State of New Jersey, amounted to $5,151,652, as compared with $4,948,635 in 1961. Expenses in connection with this service included almost $1 million in New Jersey taxes on property and equipment directly related to passenger facilities.

From these figures, it is obvious that the State contract, making up only about 30% of our passenger deficit in New Jersey, is not sufficient to enable us to continue service indefinitely. It is our belief that the most practical means of insuring continuance of essential commuter service is an improvement in the contract terms and rapid implementation of the so-called Aldene Plan.

Under this Plan, our ferries would be discontinued and passenger service to Jersey City would end. Mainline trains would operate to and from Pennsylvania Station, Newark, running over the tracks of the Lehigh Valley and Pennsylvania railroads by way of a connection at Aldene. From Penn Station, Newark, passengers could use Pennsylvania Railroad or Port Authority Trans-Hudson trains to Manhattan. There would be a connecting mainline shuttle service between Cranford and Elizabeth and Bayonne. The Pennsylvania Railroad, with economic participation by The Central Railroad of New Jersey, would operate the New York and Long Branch Railroad service to Pennsylvania Station, Newark, and thence to New York.

The New Jersey State Legislature has appropriated $3 million for connecting tracks, facility and equipment changes necessary to implement the Plan. This money cannot be used, however, until the contract between the various railroads, the State of New Jersey and the Port of New York Authority are completed and the constitutionality of the bi-State legislation is clarified by the Courts. Present indications are that the Plan will not become operative until late 1964. On the basis discussed so far, this implementation would, after certain non-recurring costs, reduce passenger losses by approximately $1,500,000 annually.

Upon the expiration of the 10% Federal Transportation Tax on rail passenger transportation November 15, 1962, the Eastern railroads were permitted to increase passenger fares by the amount of that tax. Since, however, the vast majority of Central Railroad of New Jersey business is commuter service, to which the tax never did apply, our dollar benefit was only about $110,000 on an annual basis.

TAXES

Taxes paid to the State of New Jersey for 1962 amounted to $2,996,843, equivalent to $6.84 a share on the Company's Common Stock outstanding.

In 1962 the Governor of New Jersey appointed a Commission on State Tax Policy charged with responsibility for a comprehensive study of the tax structure within the State and for making recommendations as to what changes might be necessary. The over-all recommendation of this Commission was that the State adopt a broad-base tax, with the majority of the Commission favoring a 3% sales tax.

In its report the Commission recognized that the railroad industry is important to the economy of the State; that the railroads' most important competitors receive direct or indirect subsidies in varying degrees; that there has been a worsening in the economic status of the railroads since 1948 (when the present Railroad Tax Law was enacted); that the tax burden imposed upon the railroads by New Jersey exceeds the burden imposed by other neighboring states; that a limited number of municipalities would be adversely affected by any substantial reduction in railroad Class II taxes, which represent approximately 85% of the over-all tax burden; and that the railroads in New Jersey should not continue bearing this heavy tax burden now imposed upon them. In the light of these findings, the Commission recommended that:

> "As a first step toward a rational solution of the railroad tax problem the Commission recommends that all railroad taxes be for State use and that the State provide replacement revenue for the municipalities to save them harmless as a result of this change in tax policy. The replacement revenue could be derived partially from the continued taxation of railroads and partially from any new tax source which the State may adopt."

Since the report of the Tax Policy Commission was published, the Governor of the State has recommended that, as an alternative to imposition of a sales tax, the State issue $750,000,000 in Bonds to be met with revenue from the New Jersey Turnpike. The proceeds from this Bond issue, if the Governor's recommendations were followed, would be devoted primarily to schools, State institutions and highways. At present the political picture is too obscure to enable us to form any opinion as to whether the State tax structure may be revamped in a manner to afford some measure of tax relief to the railroads.

During 1962 the Supreme Court of the United States decided appeals which we had taken from the assessments of capital stock taxes by the Commonwealth of Pennsylvania for the year 1951. This decision, by agreement with the Commonwealth, also controlled the validity of the assessments for 1949, 1950 and 1952. Upon these appeals we sought reductions in the assessments which would have resulted in tax reductions of from $100,000 to $125,000 in addition to the reductions of about $65,000 made by the Pennsylvania Supreme Court. The points decided in our favor by the Supreme Court of the United States will result in a tax reduction of only $7,500 to $10,000. This amount will be applied as a credit on future years' taxes. We have no further appeals pending in the Commonwealth of Pennsylvania.

WAGES and LABOR MATTERS

Proceedings to dispense with yard and freight-train firemen, and to modernize operating crafts' working rules generally, stemming from last Spring's Report of the Presidential Railroad Commission (Rifkind Report), now await a final ruling by the United States Supreme Court. The railroad labor organizations instituted Court proceedings to bar changes in the rules, and have thus far been denied in the U.S. District Court and Court of Appeals.

With wage costs, including payroll taxes, taking 69.7¢ of every revenue dollar, these proceedings are of great importance to the Jersey Central. Our annual bill for yard firemen alone is approximately $1,500,000. Even on the basis of gradual retirements, the Jersey Central should realize an immediate reduction in wage expense for firemen of approximately $500,000 annually.

During the year, national agreements, to which we were party, were reached with all non-operating organizations except one; generally, they provided for a 4¢-an-hour increase effective February 1, 1962, and an additional increase of 6.28¢-an-hour effective May 1, 1962, plus a number of changes in working rules.

During 1962, requests were received from four organizations. The trainmen asked for a 25¢-an-hour increase plus certain fringe benefits, and the conductors and brakemen requested a 10% increase plus fringe benefits. These requests, which were served on all carriers, are under negotiation on the property. The shop crafts served notice nationally for various job security proposals; negotiations have been concluded on the property and these requests, as well as carriers' counter-proposals, have been referred to conference committees for national handling. The telegraphers' organization served notice on several carriers, including the Jersey Central, for a rule that no positions may be abolished or discontinued except by agreement between the carrier and the organization. This request has been declined by our railroad, and the organization has referred the matter to the National Mediation Board for further handling.

INDUSTRIAL DEVELOPMENT

Thirty-one new industries, with an annual traffic potential of 9,790 carloads of additional traffic, were attracted to the Jersey Central during 1962. Nine industries presently located on our railroad expanded their facilities, and will produce approximately 2,100 cars of new business. Offsetting this was the loss of approximately 1,000 cars as a result of termination of industrial operations or plant consolidations.

The first building in the new Liberty Industrial Park, a 180-acre tract adjacent to the New Jersey Turnpike Extension and our trackage in Jersey City, was completed in December. This 150,000 sq. ft. warehouse for Mead Paper Company should produce 600 cars of freight annually and is expected to attract other industries to the location.

In our Elizabeth Central District, we have sold 17 acres of land to the Standard Concrete Block and Supply Company for the construction of a "pushbutton" cinder block plant which is expected to use 1,350 cars of raw materials annually.

A start in the development of our Central Morris Industrial Park at Rockaway, N.J., was made with the sale of 14 acres to the Colorite Plastics Company for the initial construction of a 74,000 sq. ft. plant, with a projected expansion to 200,000 sq. ft. within five years. This should produce 100 cars of freight the first year, and is expected to promote further industrial activity at that location.

The Whitehead Metals Company has purchased a 10-acre site on our lines in the Summer Brothers Industrial Park at Carteret, N.J., from which we expect to receive 600 cars of metal annually.

Another important development is the location of new bulk cement terminals in our Jersey City Terminal area, referred to in the preceding section on Freight Traffic. In addition to the three already located, several other cement companies are currently negotiating with us for similar facilities.

Two major industries located in 1961 are now in operation. During 1962 we received 773 cars of traffic from the Lily Tulip Company at Holmdel, N.J., and 2,896 carloads from the Deluxe Reading Company at Elizabeth.

PROPERTY SALES

During 1962, 32 parcels of real estate, aggregating approximately 39 acres, were sold for a total consideration of $362,000.

We have three sizeable pieces of property in Jersey City; over 500 acres of meadowland north of our main line and south of Port Elizabeth, the value of which is growing; and about 215 acres in our Central Morris Industrial Park near Rockaway. Other than this we have a large number of smaller parcels, amounting to five acres or less, at various locations along the line.

In general, our policy is to dispose of the smaller parcels as the opportunity offers; to push the sale of our Jersey City property for industrial development (the pressure being our continuing tax costs); to hold our meadowland property for rising value, except as it may be needed for industrial development; and to push industrial development in the Central Morris Industrial Park.

OPERATIONS and MAINTENANCE

In 1962 the Jersey Central made a noticeable gain in operating efficiency. A 3% increase in net trainload, and a 2% increase in train speed resulted in a 5% increase in gross ton-miles per freight-train-hour. Cars dispatched per yard-engine-hour, a particularly significant statistic for a railroad with heavy terminal operations, improved 4%.

In spite of increases in maintenance expenses in 1962 (such as expenditures for rail, ties and ballast almost 30% higher than the average of the preceding four years) we have barely scratched the surface with respect to accumulation of deferred maintenance which has been necessitated by the stringent financial condition of the Company.

In the area of maintenance of way, we presently have these deferred items: crossties, $2,617,000; rail, $274,000; and ballast, $170,000. Against these outstanding needs, plus the deterioration that develops as we go along, we have been able to budget a total of only about $200,000 to be spent in 1963.

Another element of deferred maintenance is reflected in the ratio of "bad order" cars to total ownership. Although a reduction has been achieved during the past five years (from a high of 37.7% in 1959 to a current 23.7%) we still suffer from a very high expense for the hire of foreign cars (per diem). We are making every effort to cut this cost, which has risen from $2,300,000 in 1958 to $5,500,000 in 1962, by getting our equipment back into good order.

With this objective, as well as to increase cars in the national car pool, the Company has in recent years sold bad-order equipment and reacquired it either through lease-back or through repurchase. Through this method we have been able to obtain funds to restore the equipment to servicable condition in our own shops.

During 1962, our Elizabethport Car Shops repaired and restored to service 743 freight cars. Of these, 308 were repaired under a sale, repair and repurchase agreement made in 1962, under which we sold 425 gondola cars to be repaired in our shops at the expense of the purchaser, and to be repurchased under a five-year conditional sale contract.

During the first six months of 1963, we plan to repair and restore to service some 750 cars, including 500 to be repaired at the expense of the purchaser as a part of a sale and repurchase agreement affecting 474 box cars and 26 bulk cement cars.

EQUIPMENT and IMPROVEMENTS

Piggyback yard facilities at Jersey City were further augmented by providing additional tracks, improving lighting, paving unloading areas, and adding yard communication facilities.

The grade-crossing elimination project on our main line at Garwood, N.J., was substantially completed in the Spring of 1963. It cost approximately $1,625,000, of which the State's share was 85%.

LC&N AGREEMENTS

During 1962 agreements were completed disposing of all disputes with the Lehigh Coal & Navigation Company relating to leased property, some of which had been pending for many years. At the same time, agreement was reached on several unsettled items relating to the purchase of the Lehigh & New England Railroad, and of some 1,400 covered hopper and box cars.

Principal effects of the agreement were as follows:

(1) The Jersey Central acquired from LC&N ownership of the Wilkes-Barre & Scranton Railroad, extending 4.5 miles between Taylor and Scranton, Pa. In addition to the settlement of some disputed claims, The Central Railroad Company of New Jersey has issued its 4% note in the amount of $100,000, maturing within five years, secured by a purchase money mortgage. The consideration of $100,000 represents the agreed-upon salvage value of the property. This property has been operated by the Jersey Central under a lease from the LC&N Company and the purchase relieves us of the obligation to pay an annual rental of $75,000 a year in perpetuity, whether or not we continued to use the railroad.

(2) The Lease of the Lehigh & Susquehanna Railroad was amended as follows: Rental obligation was fixed at $2,283,482 a year, with no increase in rental on account of capital improvements to the property; modifications were made to eliminate superfluous accounting work; and revision of the so-called "routing clauses" in the lease, eliminating entirely the restrictions relating to the trucking of coal. It has been impractical for some years to comply with these restrictions.

(3) In connection with these amendments to the L&S Lease, the Reading Company has entered into an agreement with the LC&N Company to purchase the fee to the entire L&S, with the LC&N retaining the right to receive rental for 35 years.

This latter agreement includes:

(A) A grant of trackage rights to the Reading Company over the Lehigh & Susquehanna between Allentown, Pa., and Phillipsburg, N.J., if circumstances should ever arise under which The Central Railroad of New Jersey disaffirms the lease, thus preserving the Reading's route to a connection with the railroad owned by The Central Railroad of New Jersey; and

(B) The right of the Reading Company to agree to amendments of the lease involving abandonments or retirements of property, provided the result of any such abandonment or retirement will, in the judgment of the Reading, be an efficient and more economically-operated railroad between Wilkes-Barre, Pa., and Phillipsburg, N.J.

DEBT REDUCTION

Equipment debt was reduced by $1,363,140 in 1962, leaving $5,217,511 at the end of the year. As a result of scheduled amortization payments, the Lehigh & New England Non-Interest-Bearing Note was reduced by $280,000, leaving a balance of $1,050,000.

MERGERS

The Jersey Central has not been approached, nor has it initiated any discussions, with respect to affiliation with other companies.

Since none of the Eastern mergers under consideration affects Jersey Central adversely, we have not intervened in any of the proceedings. We believe that all three of the basic combinations now before the Interstate Commerce Commission are in the public interest and will benefit the railroad industry's long-term position in the transportation field.

DIRECTORS and OFFICERS

Mr. P. M. Shoemaker, who took office as president April 1, 1962, was named chief executive officer November 1, 1962, succeeding Mr. E. T. Moore. Mr. Moore remains as chairman of the board and chairman of the executive committee.

On July 26, 1962, Mr. Victor G. Aubry, Jr., was elected a director, succeeding Mr. H. E. Simpson.

On August 1, 1962, Mr. James L. Barngrove, Jr., who came to the railroad May 1, 1962, was elected vice-president—freight traffic, succeeding Mr. John F. Hourigan, retired.

On November 16, 1962, Mr. Jack A. Craddock, who joined the Jersey Central July 16, 1962, was elected general manager, assuming the duties of Mr. N. Newlin Baily, who retired as vice-president and general manager.

By Order of the Directors
The Central Railroad Company of New Jersey
March 15, 1963

STATEMENT OF CONSOLIDATED INCOME AND RETAINED EARNINGS

	Year ended Dec. 31 1962	1961
Railway Operating Revenues:		
Freight:		
Merchandise	$31,551,554	$29,646,389
Anthracite	3,845,553	2,942,278
Bituminous	7,939,864	7,332,940
	$43,336,971	$39,921,607
Passenger, mail, express and other (page 22)	11,099,004	11,207,690
Total	$54,435,975	$51,129,297
Railway Operating Expenses:		
Payrolls	$31,965,655	$29,276,219
Material, supplies and other expenses	11,239,306	11,468,064
Depreciation	3,229,104	3,186,857
Total (page 22)	$46,434,065	$43,931,140
Net Revenue From Railway Operations	$ 8,001,910	$ 7,198,157
Charges To Net Revenue:		
Railway taxes:		
New Jersey property and franchise taxes	$ 2,961,510	$ 3,272,450
Payroll taxes	2,736,923	2,496,297
Other	173,331	132,035
	$ 5,871,764	$ 5,900,782
Hire of equipment and joint facility rents (net)	5,604,124	5,357,408
Total	$11,475,888	$11,258,190
Net Railway Operating Loss	$ (3,473,978)	$ (4,060,033)
Other Income:		
Rent of properties	$ 297,500	$ 278,432
Dividends	150,820	139,662
Interest	288,317	243,012
Sale of land and other items (net)	(2,809)	465,055
Total	$ 733,828	$ 1,126,161
	$ (2,740,150)	$ (2,933,872)
Fixed Charges:		
Rent of leased roads	$ 2,367,629	$ 2,388,577
Interest on funded debt	2,327,498	1,768,740
Interest on unfunded debt	6,674	—
Amortization of discount on funded debt	23,867	9,859
Total	$ 4,725,668	$ 4,167,176
Net Loss	$ (7,465,818)	$ (7,101,048)
Retained earnings at beginning of year	$47,621,090	$54,862,382
	$40,155,272	$47,761,334
Other credits	18,295	(140,244)
Retained earnings at end of year	$40,173,567	$47,621,090

See accompanying notes to financial statements.

JERSEY CENTRAL LINES

CONSOLIDATED BALANCE SHEET

Assets

	December 31 1962	1961
Current Assets:		
Cash and temporary cash investments	$ 4,110,078	$ 6,974,387
Accounts receivable and unbilled revenue	5,499,675	6,371,170
Materials and supplies	3,246,843	3,425,633
Prepayments and working fund advances	766,973	750,931
Estimated salvage recoverable on retirements within one year (note 2)	266,057	—
	$ 13,889,626	$ 17,522,121
Special Funds:		
Funds for investment in properties or retirement of debt	$ 565,725	$ 654,930
Insurance and other deposits	221,998	224,235
	$ 787,723	$ 879,165
Investments and Advances at or Below Cost, (Substantially all pledged under General Mortgage):		
Affiliated companies (page 19)	$ 7,335,792	$ 7,594,816
Other (page 19)	1,985,733	2,012,310
	$ 9,321,525	$ 9,607,126
Less provision for possible loss	1,709,934	1,728,934
	$ 7,611,591	$ 7,878,192
Properties less Depreciation and Amortization (note 3)	$121,085,361	$124,794,170
Other Assets:		
Miscellaneous receivables and items in suspense	$ 439,738	$ 633,326
Estimated salvage recoverable on retirements (note 2)	69,373	385,352
	$ 509,111	$ 1,018,678
	$143,883,412	$152,092,326

Liabilities and Shareowners' Equity

	1962	1961
Current Liabilities (excluding long-term debt due within one year):		
Accounts payable	$ 6,668,672	$ 5,653,202
Employees vacation pay	1,797,000	1,724,000
Accrued payroll	1,217,748	1,053,960
Accrued taxes	437,597	413,663
Injury and damage claims	501,547	490,043
Other current liabilities	889,865	1,334,621
	$ 11,512,429	$ 10,669,489
Long-Term Debt Due Within One Year (page 18)	$ 1,700,606	$ 2,197,540
	$ 13,213,035	$ 12,867,029
Long-Term Debt (page 18):		
Mortgage bonds (note 4)	$ 42,890,000	$ 42,890,000
Trust notes (note 5)	15,000,000	15,000,000
Equipment trust obligations	3,289,000	4,354,000
Conditional sale agreements	507,905	309,111
Non-interest bearing note	770,000	1,050,000
	$ 62,456,905	$ 63,603,111
Other Liabilities:		
Personal injury claims	$ 580,897	$ 869,051
Miscellaneous liabilities and items in suspense	784,740	457,777
	$ 1,365,637	$ 1,326,828
Shareowners' Equity:		
Capital stock authorized 460,000 shares of $50 par value, issued 457,915 shares less 19,877 shares in treasury	$ 21,901,900	$ 21,901,900
Other paid-in Capital	4,772,368	4,772,368
Retained earnings (notes (1 and 5)	40,173,567	47,621,090
	$ 66,847,835	$ 74,295,358
	$143,883,412	$152,092,326

See accompanying notes to financial statements.

Accountants' Report

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
SEVENTY PINE STREET
NEW YORK 5, N. Y.

To the Board of Directors and Shareowners
The Central Railroad Company of New Jersey:

We have examined the accompanying consolidated balance sheet of The Central Railroad Company of New Jersey and its subsidiaries as of December 31, 1962, and the related statement of consolidated income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying financial statements present fairly the consolidated financial position of The Central Railroad Company of New Jersey and its subsidiaries as of December 31, 1962, and the results of their operations for year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except for the change, which we approve, in the balance sheet classification for salvage described in Note 2.

March 15, 1963

Peat, Marwick, Mitchell & Co.

Notes To Financial Statements

1. Principles of Consolidation:

All 100% owned subsidiaries have been consolidated except two non-railroad companies owning land. The Company's equity in the net assets of affiliated and other companies not consolidated as determined by the most recent unaudited statements available is substantially in excess of the net amount of investments and advances in such companies.

The statement of consolidated income and retained earnings for 1962 includes the first full year's operations of the Lehigh and New England Railway Company. The gross revenues of the Railway included in consolidated revenue were approximately $350,000 in 1961 and $2,050,000 in 1962.

2. Estimated Salvage Recoverable on Retirements:

In accordance with a change in the accounting regulations of the Interstate Commerce Commission, estimated salvage recoverable on retirements within one year, which has been included in other assets in previous years, is included in current assets in 1962. The amounts for 1961 have not been restated to conform with 1962.

3. Properties:

The investment in properties and the depreciation accrued are detailed on page 18.

Depreciation on road property has been provided in the accounts since January 1, 1943, in accordance with regulations issued and rates approved by the Interstate Commerce Commission. Prior to the date referred to above, no such provision was required by the Interstate Commerce Commission.

The company is obligated under certain freight car lease agreements covering 1,735 freight cars and expiring in 1968 and 1969. The aggregate rental under these leases for the year 1962 was $943,686 and the rentals for the next five years are approximately:

1963	$900,000
1964	860,000
1965	$820,000
1966	780,000
1967	740,000

4. Trust Indenture:

The trust indenture provides that until the outstanding general mortgage bonds are reduced to $24,000,000:

(a) One-half of "available net income" for each year, as defined in the indenture, shall be applied to the retirement of outstanding bonds on or before April 1 of the following year. No payment will be required under this provision for 1962 as there was no "available net income."

(b) The remainder of "available net income" shall be applied first, for capital improvements for which funds are not available other than from the Capital Fund; second, to restore the Capital Fund to $2,500,000; and third, for any other corporate purpose. Net proceeds from sales of meadowland property also may be used to restore the Capital Fund to the above stated amount, and any such proceeds not so used are to be applied to the retirement of general mortgage bonds.

If "available net income" for any year shall be a deficit, the amount of such deficit may, at the discretion of the Board of Directors, be carried forward and deducted in determining "available net income" in subsequent years. The amount of deficit available for carry-forward at December 31, 1962, is $23,056,719.

5. Dividends:

The Collateral Trust Agreement executed in connection with the 5% Trust Notes contain certain restrictions on the declaration and payment of dividends. Under the most restrictive of these provisions no dividend may be declared without the written consent of the Interstate Commerce Commission unless the Company's net income accumulated from January 1, 1962, to a date 90 days prior to the date of declaration exceeds the amount of the proposed dividend.

JERSEY CENTRAL LINES

LONG TERM DEBT (including amounts due within one year)

Mortgage Bonds

Date of Issue	Date of Maturity	Interest Due	Interest Rate	Total Amount Issued	Amount Actually Outstanding Dec. 31, 1962
July 1, 1949	July 1, 1987	Jan. and July	3¼%	$48,731,000	$42,890,000

Trust Notes

Date of Issue	Dates of Maturity	Interest Due	Interest Rate	Total Amount Issued	Amount Actually Outstanding Dec. 31, 1962
Oct. 31, 1961	July 1, 1964-1976	Jan. and July	5%	$15,000,000	$15,000,000

Equipment Trust Obligations

Date	Equipment Securing Obligation	Interest Rate	Original Amount of Obligation	Retired This Year	Unmatured and Outstanding Dec. 31, 1962	Final Installment Matures
Apr. 15, 1948	15 Freight Diesel Units (10A; 5B)	2⅝%	$ 1,395,000	$ 93,000	$ 93,000	Apr. 15, 1963
Oct. 15, 1948	13 Diesel Units	2⅝%	1,500,000	100,000	100,000	Oct. 15, 1963
Apr. 1, 1950	12 Diesel Units	2½%	1,350,000	90,000	270,000	Apr. 1, 1965
Apr. 1, 1950	125 Covered Hopper Cars 12 Diesel Units	2⅜%	1,815,000	121,000	363,000	Apr. 1, 1965
Aug. 1, 1951	22 Diesel Units	3%	2,745,000	183,000	732,000	Aug. 1, 1966
Oct. 1, 1952	23 Diesel Units	3½%	2,895,000	193,000	965,000	Oct. 1, 1967
Mar. 1, 1953	500 Box Cars	3⅝%	2,460,000	164,000	984,000	Mar. 1, 1968
Apr. 1, 1954	4 Rail Diesel Coaches 7 Diesel Units	3⅛%	1,815,000	121,000	847,000	Apr. 1, 1969
	Total		$15,975,000	$1,065,000	$4,354,000	

Conditional Sale Agreements

Date	Equipment Securing Obligation	Interest Rate	Original Amount of Obligation	Retired This Year	Unmatured and Outstanding Dec. 31, 1962	Final Installment Matures
Apr. 2, 1956	93 Covered Hopper Cars	3¾%	$ 586,644	$ 73,330	$ 109,996	May 1, 1964
Oct. 15, 1956	3 Rail Diesel Coaches	4½%	406,382	67,731	33,865	Feb. 1, 1963
July 15, 1957	50 Covered Hopper Cars	5%	322,800	53,800	53,800	July 1, 1963
July 15, 1957	50 Box Cars	5%	315,900	52,650	52,650	Nov. 1, 1963
July 15, 1957	50 Gondola Cars	5%	352,800	58,800	58,800	Nov. 1, 1963
Aug. 31, 1962	308 Gondola Cars	5½%	554,400	—	554,400	Mar. 1, 1968
	Total		$2,538,926	$ 306,311	$ 863,511	

Non-Interest-Bearing Note

Date			Original Amount of Obligation	Retired This Year	Unmatured and Outstanding Dec. 31, 1962	Final Installment Matures
Oct. 31, 1961			$1,330,000	$ 280,000	$1,050,000	Aug. 1, 1966

Properties

	December 31, 1962	1961
Transportation property:		
Road and roadway structures	$ 91,601,714	$ 92,161,154
Equipment	62,579,677	66,045,063
Improvements on leased property	11,357,123	11,891,441
Miscellaneous physical property	2,830,601	2,879,136
Total	$168,369,115	$172,976,794
Allowance for depreciation and amortization:		
Roadway structures	$ 11,741,903	$ 11,029,729
Equipment	33,910,899	35,586,595
Improvements on leased property	1,575,031	1,524,468
Miscellaneous physical property	55,921	41,833
Total	$ 47,283,754	$ 48,182,625
Net investment in properties	$121,085,361	$124,794,169

INVESTMENTS IN AFFILIATED AND OTHER COMPANIES (EXCLUDING CONSOLIDATED SUBSIDIARIES)

Affiliated Companies

Stocks

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Allentown Terminal Railroad Company		50	$ 225,000	$ 225,000
Bay Shore Connecting Railroad Company		50	27,900	27,900
Communipaw Central Land Company		100	2,000	2,000
Dover and Rockaway Railroad Company		64	95,700	91,955
Edroyal Corporation		100	750,000	750,000
Mount Hope Mineral Railroad Company		68	109,300	224,233
New York and Long Branch Railroad Company		50	2,000,000	2,000,000
Railway Express Agency, Inc.		1	No Par	1,100
Total				$3,322,188

Bonds

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Allentown Terminal Railroad Company First Mortgage Gold Bonds	July 1, 1974		$ 212,000	$ 212,000
New York and Long Branch R.R. Co. 4% Cons. Mtge. Gold Bonds, Series "B"	Sept. 1, 1981		1,166,000	1,166,000
New York and Long Branch R.R. Co. 5% Cons. Mtge. Bonds, Series "A"	July 1, 1979		269,000	269,000
Total				$1,647,000

Notes

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Edroyal Corporation 1½%			$ 65,000	$ 65,000
Railway Express Agency, Inc. 5%			318,071	318,071
Total				$ 383,071

Advances

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Bay Shore Connecting Railroad Company				$ 9,744
Communipaw Central Land Company				1,525,098
New York and Long Branch Railroad Company				448,691
Total				$1,983,533
Total Affiliated Companies per consolidated balance sheet				$7,335,792

Other

Stocks

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Lehigh and Hudson River Railroad Company			$ 787,000	$ 748,287
Raritan River Railroad Company			495,300	839,610
Total				$1,587,897

Mortgages

	Date of Maturity	Percent of Ownership	Par Value	Ledger Value
Elizabethport Development Company, Inc.			$ 185,220	$ 185,220
Tug and Barge Supply Company, Inc.			212,616	212,616
Total				$ 397,836
Total Other per consolidated balance sheet				$1,985,733

JERSEY CENTRAL LINES

EQUIPMENT as of December 31, 1962

Locomotives

Diesel:		Number Of Units	Average Weight (tons)	Average Tractive Power
Road freight	1500 H.P.	20"A"	125.1	62,550
" "	1500 H.P.	10"B"	122.5	61,266
General utility	1000 H.P.	6	123.4	61,688
" "	1200 H.P.	4	121.4	60,700
" "	1500 H.P.	27	127.2	63,580
" "	1600 H.P.	30	125.6	62,787
" "	1600 H.P. (6 motors)	15	180.1	90,057
" "	2400 H.P. (6 ")	13	192.2	96,082
Yard switchers		50	113.7	56,791
Total		175	23,032.6	11,516,308
Average			131.6	65,807

Freight Cars

	Number			Total
	Owned	Leased	Total	Capacity (Tons)
Box	2,545		2,545	127,205
Coal	58	1,345	1,403	77,165
Gondola	1,302	390	1,692	116,940
Ore	8		8	560
Flat	99		99	7,050
Covered hoppers	1,125		1,125	78,045
Caboose	93		93	—
Total	5,230	1,735	6,965	406,965

Passenger Cars

	Number
Coaches	222
Combination passenger	21
Other combination	7
Baggage & express	51
Club	17
Diesel rail passenger coaches	11
Total	329

Marine Department

	Number
Ferryboats	5
Tugboats (diesel)	3
Open deck lighterage-scows	13
Steam hoist lighters	1
Covered barges	13
Car floats	8
Company service (misc.)	5
Total	48

TRANSPORTATION STATISTICS

	Year 1962	Year 1961	Percent Increase
Train Miles:			
Freight	1,326,800	1,257,213	6
Passenger	1,730,448	1,742,117	# 1
Total revenue service	3,057,248	2,999,330	2
Work	27,594	26,949	2
Total train miles	3,084,842	3,026,279	2
Car Miles:			
Freight — loaded	47,185,880	45,310,706	4
Freight — empty	31,774,241	29,400,953	8
Total freight (including caboose)	80,308,628	75,875,016	6
Passenger	9,311,185	9,531,829	# 2
Gross ton miles freight (thousands)	3,981,553	3,724,267	7
Net ton miles (thousands)	2,108,660	1,973,311	7
Freight Trains:			
Average net train load	1,657	1,624	2
Average gross train load	3,128	3,064	2
Average train speed	14.7	14.6	1
Freight Cars:			
Net tons per loaded car	44.7	43.5	3
Percent net to gross	52.9	53.0	—
Percent loaded to total car miles	59.8	60.6	# 1
Car miles per car day (of cars in service)	16.7	17.3	# 3
Net ton miles per car day (of cars in service)	394	391	1
Yard:			
Cars dispatched per yard engine hour	8.5	8.2	4
Cost of fuel and wages per car dispatched	$2.21	$2.27	# 3
Passenger Trains:			
Average cars per train	5.4	5.5	# 2
Cost of fuel and wages per train mile	$1.67	$1.69	# 1

# Denotes Reverse Figure

JERSEY CENTRAL LINES

REVENUES

Years	Freight Revenue	Passenger Revenue	Mail Revenue	Express Revenue	Other Revenues	Total Operating Revenues
1962	$43,336,971	$5,546,644	$1,938,488	$196,744	$3,417,128	$54,435,975
1961	39,921,607	5,525,466	1,932,685	384,486	3,365,053	51,129,297
1960	40,975,488	5,677,377	1,903,021	717,086	2,315,888	51,588,860
1959	43,070,361	5,720,196	1,940,606	650,774	1,628,410	53,010,347
1958	44,416,665	5,953,031	1,769,016	612,529	1,794,754	54,545,995
1957	49,560,929	6,348,210	1,463,442	785,466	2,034,993	60,193,040
1956	52,549,667	5,920,656	1,349,162	916,792	2,140,337	62,876,614
1955	48,506,587	5,454,254	1,298,191	944,131	2,110,885	58,314,048
1954	46,841,524	5,353,772	1,506,428	955,078	1,845,320	56,502,122
1953	53,100,015	5,552,683	1,332,658	955,676	1,855,502	62,796,534

EXPENSES

Years	Maintenance of Way and Structures	Maintenance of Equipment	Traffic	Trans-portation	Miscellaneous Operations	General	Total Operating Expenses	Percentages of Expenses to Revenue	Net Revenue From Railway Operations
1962	$6,950,064	$ 8,810,900	$886,892	$27,053,995	$24,667	$2,707,547	$46,434,065	85.30	$ 8,001,910
1961	6,017,105	8,500,538	910,971	25,847,691	22,012	2,632,823	43,931,140	85.92	7,198,157
1960	5,870,523	7,447,809	909,971	25,455,594	32,651	2,789,012	42,505,560	82.39	9,083,300
1959	6,258,073	9,176,325	918,062	25,713,235	52,037	2,789,676	44,907,408	84.71	8,102,939
1958	6,295,271	9,332,589	890,458	26,711,626	48,260	2,800,455	46,078,659	84.48	8,467,336
1957	7,019,570	10,558,340	947,338	27,063,265	37,760	2,816,512	48,442,785	80.48	11,750,255
1956	8,589,492	10,887,484	928,364	26,578,128	44,979	2,644,957	49,673,404	79.00	13,203,210
1955	8,518,990	9,982,526	867,354	24,314,403	67,948	2,392,506	46,143,727	79.13	12,170,321
1954	7,979,613	9,665,895	910,112	23,992,064	67,572	2,342,179	44,957,435	79.56	11,544,687
1953	8,964,107	12,152,321	982,339	25,736,801	69,546	2,519,338	50,424,452	80.30	12,372,082

NET RAILWAY OPERATING INCOME, FIXED CHARGES AND NET INCOME

Years	Net Railway Operating Income	Other Corporate Income (Net)	Income Available For Fixed Charges	Fixed Charges	Net Income
1962	$3,473,978#	$ 733,828	$2,740,150#	$4,725,668	$7,465,818#
1961	4,060,033#	1,126,161	2,933,872#	4,167,176	7,101,048#
1960	1,369,773#	1,177,663	192,110#	4,100,919	4,293,029#
1959	537,179	795,545	1,332,724	4,171,283	2,838,559#
1958	495,952	1,839,709	2,335,661	4,240,302	1,904,641#
1957	3,436,628	856,629	4,293,257	4,250,562	42,695
1956	4,634,297	803,988	5,438,285	4,306,575	1,131,710
1955	4,773,865	678,899	5,452,764	4,431,898	1,020,866
1954	3,940,157	588,125	4,528,282	4,513,698	14,584
1953	5,090,705	586,998	5,677,703	4,457,422	1,220,281

# Denotes Reverse Figure

REVENUE FREIGHT TRAFFIC STATISTICS

Years	Average Mileage Operated	Revenue Tons One Mile Per Mile of Road	Average Rate Per Ton Per Mile (Cents)	Revenue Freight Train Miles	Average Train Load (Revenue Tons)	Average Gross Ton Miles Per Train Hour
1962	635.73	3,302,967	2.06	1,326,800	1,583	44,141
1961	613.68	3,199,237	2.03	1,257,213	1,562	43,151
1960	606.48	3,221,397	2.09	1,259,420	1,551	44,031
1959	608.82	3,221,430	2.19	1,312,597	1,494	41,825
1958	612.09	3,149,414	2.30	1,299,438	1,484	42,264
1957	626.22	3,387,685	2.33	1,437,896	1,475	42,101
1956	627.11	3,873,976	2.16	1,573,569	1,544	42,172
1955	627.53	3,440,963	2.25	1,479,543	1,459	40,917
1954	627.15	3,322,157	2.25	1,479,779	1,408	39,720
1953	631.27	3,633,994	2.31	1,554,668	1,476	39,112

REVENUE PASSENGER TRAFFIC STATISTICS

Years	Average Mileage Operated(*)	Passengers One Mile	Average Rate Per Passenger Per Mile (Cents)	Total Passenger Train Miles (X)	Total Passenger Train Miles Per Mile Road	Revenue Per Train Mile Passenger	
						Passengers Only	All Sources
1962	263.59	163,398,466	3.39	1,730,448	6,565	$3.21	$4.45
1961	263.73	162,698,827	3.40	1,742,117	6,606	3.17	4.54
1960	264.56	174,710,147	3.25	1,751,493	6,620	3.24	4.78
1959	271.82	179,413,247	3.19	1,778,099	6,541	3.22	4.72
1958	276.42	205,667,764	2.89	1,929,100	6,979	3.09	4.36
1957	276.70	236,068,717	2.69	2,096,721	7,578	3.03	4.14
1956	276.70	234,915,052	2.52	2,122,425	7,670	2.79	3.88
1955	276.70	221,097,087	2.47	2,117,690	7,653	2.58	3.67
1954	276.70	226,293,878	2.37	2,152,515	7,779	2.49	3.68
1953	287.76	232,847,416	2.38	2,255,519	7,838	2.46	3.52

(*) Excludes mileage exclusively for freight traffic.

(X) Including express trains.

TRACK MILEAGE (December 31, 1962)

	Miles of First Main Track	Miles of Additional Main Track	Miles of Yard Tracks & Sidings	Total All Tracks
Owned	411.94	176.56	425.22	1,013.72
Leased:				
Controlled through ownership of majority of capital stock	4.54	—	2.42	6.96
Not controlled	160.14	64.95	184.80	409.89
Trackage rights granted by other companies	59.11	44.08	29.61	132.80
Total miles of road operated	635.73	285.59	642.05	1,563.37

JERSEY CENTRAL LINES

FREIGHT REVENUE BY COMMODITIES

Commodity

	1962		1961	
	Cars	Revenue	Cars	Revenue
Products of Agriculture:				
Wheat, Corn, Oats	3,346	$ 519,493	2,903	$ 448,464
Flour	6,743	304,954	5,600	260,904
Soybean Oil Cake and Meal	1,437	158,323	1,336	157,555
Other Products of Agriculture	14,983	851,548	15,626	834,518
Total	26,509	$ 1,834,318	25,465	$ 1,701,441
Animals and Products:	14,865	$ 603,247	16,392	$ 618,730
Products of Mines:				
Anthracite Coal (Prepared)	49,224	$ 3,708,340	39,784	$ 2,733,082
Bituminous Coal	161,618	8,000,985	157,562	7,337,708
Iron Ore	11,922	811,557	8,693	560,253
Other Ores and Concentrates	10,375	827,525	8,781	691,159
Clay and Bentonite	5,826	312,163	5,893	277,977
Sand, Gravel and Crushed Stone	28,686	1,624,450	25,829	1,627,620
Salt	3,367	272,569	3,748	303,621
Other Products of Mines	31,095	1,151,490	26,879	1,038,050
Total	302,113	$16,709,079	277,169	$14,569,470
Products of Forests:				
Lumber, Shingles and Lath	6,788	$ 444,450	6,743	$ 413,408
Other Products of Forests	7,193	486,730	7,296	404,614
Total	13,981	$ 931,180	14,039	$ 818,022
Manufactures and Miscellaneous:				
Refined Petroleum Products	17,456	$ 1,277,611	16,227	$ 1,273,187
Gases — Other than Petroleum	2,924	349,939	2,707	338,303
Soybean Oil	7,557	526,334	4,661	301,733
Chemicals	16,912	2,153,055	17,035	2,116,822
Sodium (Soda) Products	10,498	1,176,635	11,166	1,222,991
Alcohol	3,951	413,063	3,667	369,386
Fertilizers	4,466	334,079	4,197	298,580
Paints, Putty and Varnish	4,745	408,292	5,186	418,679
Copper, Brass, Lead, Zinc	8,839	769,944	7,560	632,912
Manufactured Iron and Steel	15,405	1,255,170	13,655	1,107,394
Vehicle Parts	5,055	247,714	3,871	191,420
Cement	30,033	2,663,651	24,096	1,977,165
Printing Paper	19,386	1,113,382	19,719	1,106,501
Paper Products	12,882	494,687	10,655	434,857
Paperboard, Fibreboard and Pulpboard	12,418	494,305	12,459	496,604
Building Paper & Prepared Roofing Materials	1,664	109,289	1,742	108,977
Glass Bottles, Jars and Packing Glasses	6,510	321,268	7,701	396,598
Liquors — Malt	2,791	199,689	2,944	206,976
Canned, Packaged and Frozen Food	11,370	501,203	10,600	411,403
Prepared Animal and Poultry Feed	4,915	223,110	5,096	252,415
Containers — Metal	3,584	147,662	4,140	172,728
Scrap Iron and Scrap Steel	11,412	1,260,427	12,580	1,400,862
Waste Materials	10,839	828,331	11,125	830,518
Other Manufactures and Miscellaneous	109,989	5,800,763	98,840	5,559,066
Total	335,601	$23,069,603	311,629	$21,626,077
Forwarder Traffic:	33,073	$ 750,975	32,791	$ 881,680
GRAND TOTAL — CARLOAD TRAFFIC	726,142	$43,898,402	677,485	$40,215,420
Less Than Carload Traffic:	—	$ 282,530	—	$ 379,657
GRAND TOTAL — CARLOAD AND LCL TRAFFIC	726,142	$44,180,932	677,485	$40,595,077

JERSEY CENTRAL LINES

Freight Traffic Offices

Jersey Central Lines maintains Freight Traffic Offices in the cities listed below. Agents in charge of these offices are eager to give every assistance to shippers. You can help us by urging your shipper friends to ask these Agents about Jersey Central Lines service. Or tell your nearest Agent of prospective business that comes to your attention. He'll carry on from there, promptly, courteously and thoroughly.

ALBANY 7, NEW YORK	W. J. Dickerson, General Agent 11 The Plaza—Phone Hobart 3-4547
ALLENTOWN, PENNSYLVANIA	J. H. Weiss, Division Freight Agent Allentown, Pa., Passenger Station Phone Hemlock 5-4721
BOSTON 10, MASSACHUSETTS	Francis T. Burns, Jr., General Agent 425 Chamber of Commerce Building Phone 542-5320
BUFFALO 3, NEW YORK	C. R. Everding, General Agent 532 Ellicott Square Phone TL 4-1274
CHICAGO 3, ILLINOIS	J. J. Regan, General Western Freight Agent 3324 Bankers Building, 105 West Adams Street Phone 726-1816
CLEVELAND 14, OHIO	M. W. Arnold, General Agent Room 407, Park Building Phone 241-0968
LONG BRANCH, NEW JERSEY	H. J. Page, Assistant Division Freight Agent Phone CApital 9-0486
NEWARK 2, N.J.	W. D. Wakeman, General Freight Agent 836 Broad Street Phone MArket 1-9070
NEWARK 2, N.J.	E. M. Hoare, General Agent Wharton and Northern Railroad 836 Broad Street Phone MArket 1-9070
NEW YORK 6, N.Y.	B. J. McSweeney, General Freight Agent Room 10 Liberty Street Ferry Terminal Phone BArclay 7-9700
NORTHAMPTON, PA.	B. M. Haberern, Division Freight Agent 1019 Main Street Phone 262-6746
PHILADELPHIA 2, PENNSYLVANIA	J. M. Gehring, Assistant General Freight Agent Room 1610, Girard Trust Co. Bldg. 1400 South Penn Square Phone Locust 3-7390
PITTSBURGH 22, PENNSYLVANIA	J. C. Powers, General Agent Room 801-802, Park Building Fifth Avenue and Smithfield Street Phone Atlantic 1-7405
ST. LOUIS 1, MISSOURI	C. H. McNab, General Agent 1112 Chemical Building, 721 Olive Street Phone Central 1-4760

JERSEY CITY 2, N.J.
Jersey Central Terminal
Phone DElaware 3-1122
(New York City number:
BArclay 7-9700)

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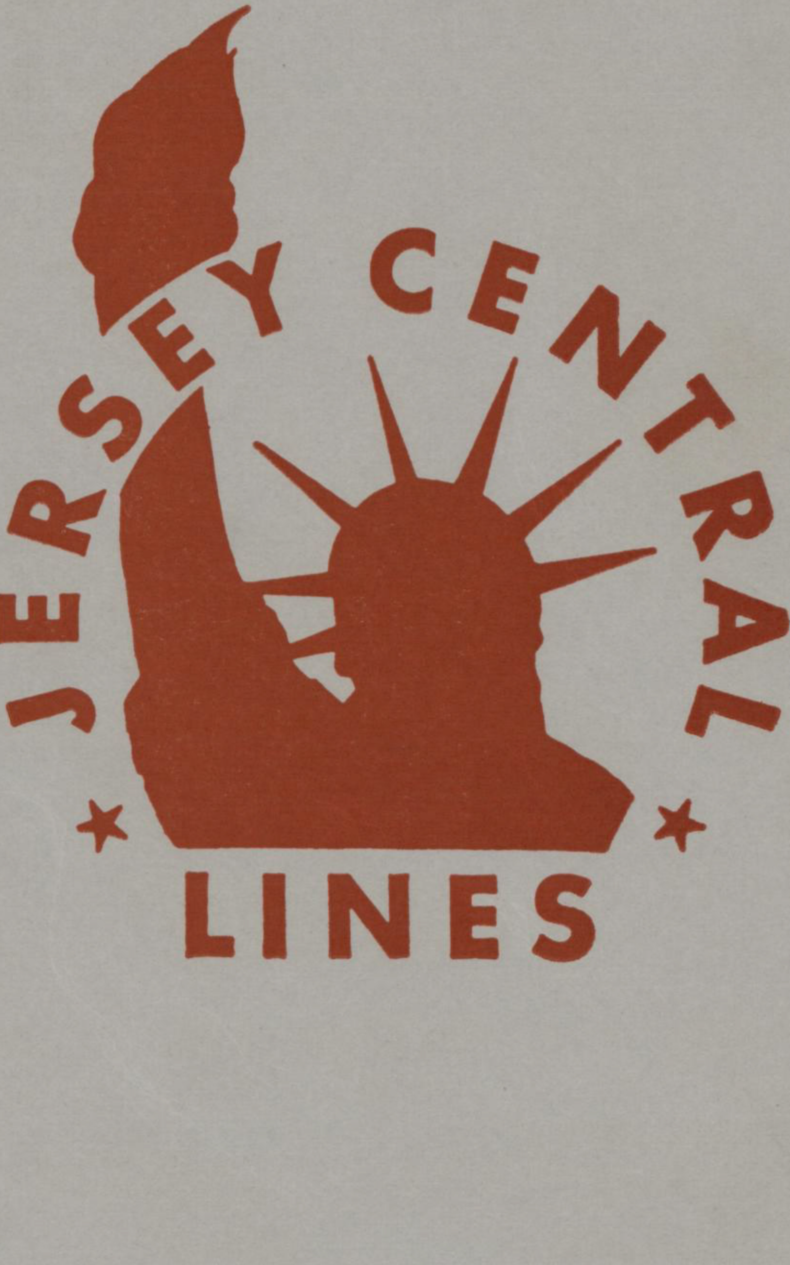
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